



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

Number: 76- 5

Date: February 24, 1976

SALES OF TOBACCO PRODUCTS TO INDIVIDUALS CROSSING THE BORDER INTO CANADA OR MEXICO

Proprietors of Tobacco Export Warehouses
and Others Concerned:

Purpose. This circular is to inform industry members that ATF Procedure 76-1, which deals with tax-exempt sales of tobacco products to certain individuals, will be published in the March issue of the Alcohol, Tobacco and Firearms Bulletin. The procedure will read substantially as follows:

Section 1. PURPOSE.

This ATF Procedure establishes guidelines which tobacco export warehouse proprietors may follow in recording sales of tobacco products to persons crossing the United States border into Canada or Mexico, when individual sales to such persons do not exceed 4500 cigarettes or 1000 cigars.

Sec. 2. BACKGROUND.

Section 5704, Title 26 of the U. S. Code, provides that an export warehouse proprietor may remove tobacco articles, without payment of tax, for consumption beyond the jurisdiction of the internal revenue laws of the United States. Regulations in 27 CFR 290.198 require that the export warehouse proprietor prepare Form 2150, Notice of Removal of Cigars, Cigarettes, Cigarette Papers, or Cigarette Tubes from Export Warehouse, for each shipment removed from his warehouse.

Revenue Procedure 72-27 provided for the preparation of a daily summarized Form 2150 when the quantities purchased by an individual for his personal use did not exceed 400 cigarettes or 100 cigars in any calendar week, or when purchases did not exceed the quantity the purchaser was legally entitled to take into the country being entered without payment of duty or tax, whichever

quantity was the greater. All other transactions were considered to be commercial exportations and were subject to the provisions of 27 CFR 290.198, 290.199 and 290.205.

Because of an increase in sales at border export warehouses, the preparation and handling of Forms 2150 has become unduly burdensome for export warehouse proprietors, for the U. S. Customs Service, and for the Bureau of Alcohol, Tobacco and Firearms. Accordingly, the Bureau has reexamined its position and has determined that under certain conditions an increase in the quantities for which sales slips may be used in lieu of Forms 2150 will not create any further jeopardy to the revenue and will be consistent with the purpose of the regulations. Therefore, modified procedures are prescribed which may be authorized by the regional director where he finds the number of individual sales and the type of operations involved are such that variation from the regulatory procedures is warranted.

Sec. 3. ACCEPTABLE PROCEDURES.

.01 Limitation of Procedures. A daily summarized Form 2150 may be prepared for reporting removals of cigars or cigarettes for exportation by individuals entering Canada or Mexico with not more than 4500 cigarettes or not more than 1000 cigars in any one exportation or sale. The procedures for exportation in 27 CFR 290.198, 290.199 and 290.205 shall be followed, with a separate Form 2150 for each exportation, when the quantities exported are more than 4500 cigarettes or more than 1000 cigars.

.02 Preparation of Sales Slips. The export warehouse proprietor shall prepare a separate sales slip (original and three copies) for each sale of tobacco products which is within the aforementioned limitations. The minimum information that must be included on the sales slip is (1) a preprinted serial number, (2) the name and address of the purchaser, (3) the date of purchase, (4) a list of the products sold, (5) license plate identification of the vehicle in which the cigarettes and cigars are transported to Canada or Mexico, (6) signature of receipt by purchaser, (7) a space for certification of export by Customs, and (8) a conspicuous statement that the products are sold exempt from U. S. Federal tax for consumption outside the United States and that if such products are returned to the United States they must be declared to Customs and are then subject to duty or tax. Items 5 and 6 are to be completed at the time of delivery of the articles to the purchaser. The proprietor is responsible for assuring with

reasonable certainty that the purchaser's name and address, and all other information on the sales slip, are correct and complete.

.03 Distribution and Certification of Sales Slips. At the time of sale, the export warehouse proprietor shall furnish the purchaser with two copies of the sales slip. In addition, he shall attach one copy of the sales slip to the shipment of the tobacco products. The remaining copy will be retained by the proprietor at the export warehouse until the signed copy is returned to him after delivery of the tobacco products. When the shipment is delivered to the purchaser at the border, the purchaser will sign both the copy he surrenders to obtain delivery of the articles and the copy which will be furnished to the customs officer who supervises the exportation.

The export warehouse employee making delivery of the tobacco products will visually determine the transporting vehicle's license plate number and the state or country issuing such license and will enter such information on the two signed copies of the sales slip. The customs officer will receive one of the signed copies, as noted above, and the proprietor will retain the other for his records.

.04 Preparation and Disposition of Forms 2150. At the close of each business day a consolidated Form 2150 will be prepared, in triplicate. The form shall be marked to show that it is a consolidated form, and it shall include all the information called for by the form except items 7, 8, 9, 10, and columns (b) and (e) of item 12. At item 11 there shall be entered the words "as shown on individual sales slips," and the serial numbers of such individual sales slips shall be entered in column (a) of item 12. All copies will be submitted to the customs officer at the border for execution of the certificate of export. After certification, the customs officer will retain a copy and return the original and remaining copy to the warehouse proprietor. The proprietor will retain as part of his records the copy of the Form 2150 and the receipted copies of the related sales slips. He will transmit the original of the consolidated Form 2150 to the Regional Director, Bureau of Alcohol, Tobacco and Firearms, no later than the close of the business day following the day the removals were made.

.05 Acceptance of Procedures to Customs and Regional Director. Proprietors having large volumes of individual sales for exportation by individuals entering Canada or Mexico with not more than 4500 cigarettes or not more than 1000 cigars,

before operating under the above-described procedures, must first obtain the approval of the Regional Director, Bureau of Alcohol, Tobacco and Firearms, and of the appropriate local customs officer, as evidenced by such customs officer's written consent.

Sec. 4. ALTERNATE PROCEDURES.

The export warehouse proprietor may not use procedures other than those in 27 CFR Part 290 or as set forth in this ATF Procedure, unless they are approved by the Director, Bureau of Alcohol, Tobacco and Firearms, as provided in 27 CFR 290.72 relating to authorizations for alternate methods or procedures. Proprietors who already have specific authorizations for alternate methods or procedures under the limitations of Revenue Procedure 72-27 may continue to operate in accordance with the limitations of such authorizations.

Sec. 5. EFFECTS ON OTHER DOCUMENTS.

Rev. Proc. 72-27, C.B. 1972-1, 756 (Internal Revenue), is hereby superseded.

Inquiries. Inquiries concerning this circular should refer to its number and be addressed to the office of the appropriate Regional Director, Bureau of Alcohol, Tobacco and Firearms.


Rex D. Davis
Director

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

Official Business
Penalty for Private Use, \$300

Postage and Fees Paid
Department of the Treasury
Treas 564

